

Message Text

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 6356

INFO AMEMBASSY ANKARA

C O N F I D E N T I A L TEHRAN 3527

ANKARA FOR RLA AISLEY

E.O. 11652: GDS

TAGS: ELAB, IR

SUBJECT: SHAH'S MAY DAY MESSAGE

1. SUMMARY: IN MAY DAY MESSAGE TO IRANIAN WORKERS SHAH ANNOUNCED THAT EFFORTS WOULD BE MADE TO PROVIDE LOW-COST HOUSING TO WORKERS. SHAH ALSO EXPRESSED SATISFACTION WITH GOVERNMENT EFFORTS TO GAIN FAIR SHARE OF COMPANY PROFITS FOR WORKERS AND PROMOTE WORKER PURCHASE OF COMPANY SHARES BUT STRESSED THAT INCREASED PRODUCTIVITY WAS KEY TO PROFIT AND INCREASED WAGES. END SUMMARY.

2. IN A SPEECH DELIVERED 1 MAY ON OCCASION OF INTERNATIONAL WORKERS DAY ATTENDED BY 3,000 WORKERS BUSED TO SAADABAD PALACE, SHAH STATED THAT IRAN, UNDER SHAH-PEOPLE REVOLUTION, HAD MANAGED TO AVOID BLOODY STRUGGLES FOR WORKERS RIGHTS WHICH CHARACTERIZED LABOR MOVEMENT IN LESS FORTUNATE COUNTRIES. SHAH OUTLINED PROGRESS IN OBTAINING FOR WORKERS TWENTY PERCENT SHARE OF COMPANY PROFITS AND OPENING FOR WORKERS TO SHARE IN OVERALL NATIONAL WEALTH THROUGH PURCHASE OF SHARES OF EMPLOYER'S STOCK AND SHARES IN STATE ENTERPRISES. MONARCH THEN ANNOUNCED PLANS TO PROVIDE GOVERNMENT LOANS TO EMPLOYERS FOR CONSTRUCTION OF LOW-COST WORKER HOUSING AS
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WELL AS MEASURES TO PERMIT INDIVIDUALS TO OBTAIN LOW-COST HOME

LOANS. ALSO ANNOUNCED WAS GOVERNMENT PROJECT TO ACQUIRE IDLE LAND IN POPULATION CENTERS OF 25,000 IN HABITANTS FOR DEVELOPMENT OF PLANNED RESIDENTIAL AREAS WITH HOSPITALS, PARKS, ETC.

3. SHAH RETURNED TO THEME ALSO SOUNDED ON 27 APRIL WHEN NEW CABINET WAS PRESENTED THAT KEY TO HIGHER WAGE WAS HIGHER PRODUCTIVITY. THIS DEPENDENT IN TURN ON HARD WORK AND INCREASE IN TECHNICAL PROFICIENCY OF WORKERS THROUGH ADVANCED VOCATIONAL TRAINING IN IRAN AND ABROAD. AS QUOTED BY KAYHAN INTERNATIONAL, SHAH STATED QUOTE YOU WILL ENJOY WAGES EQUAL TO THOSE OF YOUR MOST ADVANCED COUNTERPARTS IN THE MOST ADVANCED COUNTRIES WHEN YOU OPERATE HIGHLY TECHNOLOGICAL (SIC) MACHINES AS WELL AS THEY DO UNQUOTE. SHAH ALSO TOUCHED ON NON-MATERIAL GOALS OF WHITE REVOLUTION AND VIRTUES OF HONEST, PATRIOTISM, AND RELIGION AND INVOKED ASSISTANCE OF DEITY AND MOSLEM SAINTS IN ASSURING SUCCESS OF REVOLUTION.

4. EDITORIAL COMMENT GENERALLY PRAISED SHAH'S INITIATIVES. KAYHAN INTERNATIONAL, HOWEVER, POINTED OUT THAT MANY WORKERS CANNOT AFFORD TO PURCHASE STOCKS AND HIGH PRICE OF LAND HAS BARRED MANY WORKERS FROM PURCHASING HOUSES.

5. EMBASSY COMMENT: SHAH'S SPEECH, WHILE PROMISING ADDITIONAL WELFARE MEASURES PARTICULARLY IN AREA OF LOW-COST HOUSING, DID NOT OFFER ANY IMMEDIATE RELIEF FROM INFLATIONARY SPIRAL IN COST OF LIVING WHICH FROM ANGLE OF IRANIAN WORKING CLASS IS MOST PRESSING ISSUE. SHAH'S EARLIER SPEECH APRIL 27 IN EFFECT HAD SAID INFLATION IS HERE TO STAY AND TOLD WORKER/CONSUMER IT WAS UP TO HIM TO MATCH ENTREPRENEUR IN ENERGY AND KNOWLEDGE IF HE WANTED TO KEEP UP IN PRICE-WAGE TUG OF WAR. WHILE SOME FREE VOCATIONAL EDUCATION IS NOW OFFERED WORKERS WILLING TO UPGRADE SKILLS, EXISTING VOCATIONAL TRAINING FACILITIES CAN ACCOMMODATE ONLY SMALL PERCENTAGE OF THOSE ENTERING LABOR FORCE. EVEN CRASH VOCATIONAL PROGRAM UNLIKELY TO HAVE MUCH EFFECT OVER NEXT FEW YEARS. IN MEANTIME WORKERS FACE FULL BRUNT OF WESTERN-STYLE INFLATION WITHOUT BEING ABLE PASS ON EFFECTS TO CONSUMERS VIA COLLECTIVE BARGAINING AS DO THEIR WESTERN COUNTERPARTS. NORMALLY QUIESCENT LABOR FORCE HAS SHOWN IN PAST YEAR, AT LEAST IN OIL INDUSTRY, GROWING RESISTANCE TO PRICE RISES, AND SOME FURTHER MANIFESTATIONS OF DISCONTENT MAY RESULT.

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